

<p align="center"><b>2003 - 2004</b> <b>ANNUAL REPORT</b></p>
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## CAPITAL IMPROVEMENT PROGRAM FUNDS (CONT'D.)

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### Sanitary Sewer Connection Fee Fund

The Sanitary Sewer fees are connection fees charged to new development to access the City's sanitary sewer system. The use of these funds are restricted to the construction and reconstruction of the system.

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***Sanitary Sewer  
Connection Fee Fund***

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Percent Variance</b>
<i>Revenue</i>	\$ 2,690	\$ 2,279	\$ (411)	(15.3%)
<i>Expenditure</i>	20,712	16,214	\$ 4,498	21.7%
<i>Fund Balance (est. *)</i>	13,953 *	10,150	\$ (3,803)	(27.3%)

The negative revenue variance of \$411,000 reflected lower than budgeted Joint Participation revenues (\$1.4 million), only partially offset by higher than anticipated Connection Fees (\$781,000), interest earnings (\$162,000), and miscellaneous revenues (\$24,000). Joint Participation revenues were less than estimated due to schedule changes in several projects that lowered the amount reimbursed from other agencies.

The \$4.5 million positive expenditure variance was primarily attributed to lower than estimated project expenditures. Of this amount, \$2.0 million was rebudgeted in the Adopted Capital Budget for 2004-2005. The following is a list of major unexpended projects (\$000's):

Infiltration Reduction	\$ 2,079
San Tomas Expressway Trunk	681
Miscellaneous Projects	475
Julian-Sunol Sewer	287
Preliminary Engineering	<u>279</u>
<b>Total</b>	<b>\$ 3,801</b>

The following is an explanation of project variances:

- Infiltration Reduction – Cost savings in this category, designated for responses to infiltration and inflow into the sewer system, resulted because these funds were not needed in 2003-2004. A rebudget of \$1.0 million was included in the 2004-2005 Adopted Capital Budget to fund anticipated infiltration and inflow projects. The rebudget of the remaining savings (\$1.1 million) is recommended in this document.

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## CAPITAL IMPROVEMENT PROGRAM FUNDS (CONT'D.)

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### Sanitary Sewer Connection Fee Fund (Cont'd.)

- San Tomas Expressway Trunk – Construction activities on this project continues into 2004-2005. Funding of \$400,000 was rebudgeted in the 2004-2005 Adopted Capital Budget to fund the closeout of this project. Additional project savings of \$281,000 is recommended to be rebudgeted in this document for 2004-2005.
- Miscellaneous Projects – Savings in this category, designated for emergency pipe repair or rehabilitation, resulted because these funds were not needed in 2003-2004. Funding of \$395,000 was rebudgeted in the 2004-2005 Adopted Capital Budget to fund scheduled and unanticipated repair projects. A rebudget of \$80,000 is recommended in this document for 2004-2005.
- Julian-Sunol Sewer – This project will be completed in 2004-2005. Project savings of \$187,000 will not be needed in 2004-2005 and will be available to be programmed in future projects. Funding of \$100,000 was rebudgeted in the 2004-2005 Adopted Capital Budget for contingency and project closeout.
- Preliminary Engineering – Savings of \$279,000 in this allocation resulted because these funds were not needed in 2003-2004. Funding for this allocation, which supports preliminary engineering for sanitary sewer related projects, is allocated on an annual basis.

The remaining \$976,000 variance involves a number of projects with savings of less than \$250,000.

In addition to the rebudgets mentioned above, project savings totaling \$344,000 is recommended for rebudget to 2004-2005 for the following projects: Monterey-Riverside Supplement (\$185,000), Monterey-Riverside Sewer (\$81,000), Edenvale Sanitary Supplement, Phase V (\$58,000) and Public Works Equipment Maintenance and Replacement (\$20,000).

The Sanitary Sewer Connection Fee Fund ended the year below the estimated fund balance (\$3.8 million variance) primarily because a loan to the Branch Libraries Bond Projects Fund (\$6.45 million) was processed at the end of 2003-2004 and was not assumed in the 2003-2004 estimate. This loan will be repaid in 2004-2005. The negative variance was partially offset by project savings, and higher than anticipated Connection Fees, interest earnings, and miscellaneous revenues as discussed above.